

Message Text

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PAGE 01 GENEVA 03702 01 OF 02 181443Z

46

ACTION EB-11

INFO OCT-01 ADP-00 IO-13 OIC-04 AF-10 ARA-16 EA-11 EUR-25

NEA-10 RSC-01 SSO-00 NSCE-00 INRE-00 USIE-00 AGR-20

CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10

INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03 AID-20

CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 PRS-01 OMB-01

RSR-01 /219 W

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O R 181343Z JUL 73

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 543

INFO USEC BRUSSELS UNN

USOECN PARIS UNN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

LIMITED OFFICIAL SECTION 1 OF 2 GENEVA 3702

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJ: STATUS WORK OF PREPARATORY COMMITTEE FOR MTNS

REF: A. GENEVA 3612 B. GENEVA 3418

SUMMARY: SECOND DRAFT OF TOKYO DECLARATION NOT YET CIRCULATED
BUT WILL BE DISCUSSED THIS AFTERNOON. DRAFT WILL BE TRANSMITTED
TO WASHINGTON WHEN AVAILABLE. EC HAS FINALLY STATED ITS POSITION,
WHICH NOTABLY INCLUDES VIEW THAT NEGOTIATIONS CANNOT REALLY BEGIN
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PAGE 02 GENEVA 03702 01 OF 02 181443Z

UNTIL PARTICIPANTS HAVE NECESSARY AUTHORITY TO NEGOTIATE--WHICH

SEVERAL, INCLUDING U.S. AND EC, WILL NOT HAVE BY SEPTEMBER; AND THAT THE TOKYO DECLARATION SHOULD NOT INCLUDE SPECIFIC GUIDELINES FOR NEGOTIATION, SINCE THESE CANNOT NOW BE AGREED TO. EC ALSO UNWILLING SO FAR MAKE COMMON FRONT WITH U.S. AND JAPAN IN PREPCOM REGARDING LDC DEMANDS. EC COUNCIL TO REVIEW DECLARATION, PROBABLY ON JULY 24. PROSPECTS NOW ARE FOR PREPCOM MEETING TO LAST THROUGH JULY 26. END SUMMARY.

1. IN PRIVATE MEETINGS WITH AMBASSADOR MAIMGREN AT BEGINNING OF WEEK, HIJZEN DISPLAYED AMBIGUOUS ATTITUDE REGARDING SUBMISSION OF DRAFT DECLARATION TO EC COUNCIL OF MINISTERS MEETING JULY 23-24. HE ALSO SEEMED ON THE FENCE REGARDING JOINING WITH U.S. AND JAPAN IN SECRET TRIPARTITE MEETINGS DESIGNED TO PRODUCE A COMMON POSITION.

2. GATT SECRETARIAT FAILED TO MEET ITS SCHEDULE FOR PRODUCING NEW VERSION OF TOKYO DECLARATION. DELAY LARGELY DUE TO DESIRE TO HAVE FULL EC COMMENTS. EC PROVIDED SOME COMMENTS ON MONDAY, BUT DID NOT COMMENT IN FULL UNTIL PREPARATORY COMMITTEE MEETING OF TUESDAY AFTERNOON, AFTER FULL CONSIDERATION IN 113 COMMITTEE JULY 16-17.

3. AT PREPCOM PLENARY, EC REP (PHAN VAN PHI) WENT THROUGH DRAFT DECLARATION, WORKING FROM PAPER APPROVED BY 113 COMMITTEE. HIS PRINCIPAL POINTS WERE: (A) FIRST AMENDMENT WAS THAT OPENING PARAGRAPH OF DECLARATION (SEE REF B) READ: QUOTE THE MINISTERS OF...DECIDE TO OPEN COMPREHENSIVE MULTILATERAL TRADE NEGOTIATIONS IN THE GATT. THEY EXPECT THESE NEGOTIATIONS TO GET UNDERWAY (S'ENGAGENT) EFRECTIVELY AS RAPIDLY AS POSSIBLE AND TO THIS END THAT GOVERNMENTS CONCERNED ACQUIRE SUCH POWERS AS MAY BE NECESSARY. END QUOTE. THIS CHANGE WOULD ALSO DROP THE FORMULA QUOTE THE NEGOTIATIONS ARE NOW OPENED UNQUOTE. EC ALSO PROPOSED THAT SENTENCE CALLING FOR FIRST MEETING OF TRADE NEGOTIATIONS COMMITTEE BY NOVEMBER 1 SHOULD MAKE CLEAR THAT THIS MEETING MERELY ORGANIZATIONAL. SAID EC NOT REALLY DESIOUS HAVE MEETING THIS EARLY, BUT IF ONE TO BE HELD, NECESSARY TO LIMIT ITS NATURE. (B) TO THE SECOND PARAGRAPH SHOULD BE ADDED A SENTENCE STATING THAT, WHILE BEING IN ACCORD WITH THE OVERALL OBJECTIVES, THE LIMITED OFFICIAL USE

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PAGE 03 GENEVA 03702 01 OF 02 181443Z

OBJECTIVES FOR NEGOTIATION IN THE AGRICULTURAL SECTOR MUST TAKE ACCOUNT OF THE SPECIAL CHARACTERISTICS OF AGRICULTURE. (C) ON QUESTION OF TREATMENT MONETARY-TRADE LINK IN DECLARATION, EC SUGGESTED FOLLOWING: "THE MINISTERS RECOGNIZE-AND THEY WILL KEEP THIS POINT IN MIND DURING THE NEGOTIATIONS-THAT THE EFFORTS WHICH WHICH ARE GOING TO BE UNDERTAKEN IN THE TRADE FIELD IMPLY THAT THERE ARE PROSPECTS FOR THE ESTABLISHMENT OF A DURABLE AND EQUITABLE MONETARY SYSTEM." (HOWEVER, WE GET IMPRESSION

FRENCH ARE PRESSING FOR TOUGHER PRECONDITION FORMULATION AND WILL TAKE THIS UP AT COUNCIL OF MINISTERS TUESDAY.)
(D) EC SAID THE DECLARATION SHOULD NOT PREJUDGE THE QUESTION OF WHETHER REFORM OF THE TRADING FRAMEWORK IS NECESSARY.
(E) THE PARAGRAPH DEALING WITH THE TNC SHOULD MAKE IT CLEAR THAT ITS FIRST MEETINGS WILL BE BASICALLY ORGANIZATIONAL.
(F) THE GUIDELINES PROPOSED BY THE SECRETARIAT ARE MEANINGLESS. AND THE EC DOUBTS THAT MEANINGFUL GUIDELINES CAN BE AGREED TO.

4. USREP (MALMGREN) CRITICIZED SEVERAL OF THE EC POINTS AS DEROGATIONS FROM FEBRUARY 1972 U.S.-EC STATEMENT. THIS TRUE OF EC ATTEMPT TO CONDITION BEGINNING OF NEGOTIATIONS ON COMPLETION OF "CONSTITUTIONAL PROCEDURES." U.S. WOULD BE READY TO NEGOTIATE IN 1973, AS FEBRUARY 1972 STATEMENTS FORESAW; AND SO SHOULD BE THE EC AND JAPAN. (THE U.S. FELT THE NEGOTIATIONS SHOULD BEGIN IN OCTOBER. THE BEGINNING PHASE OF THE NEGOTIATIONS WOULD INEVITABLY BE ANALYTICAL IN NATURE.) U.S. (MALMGREN) SAID WE HAD MADE KNOWN WE PREPARED BEGIN NEGOTIATIONS 1973 WHETHER LEGISLATION COMPLETED OR NOT, AND OTHERS HAD AGREED. WE BELIEVED WE HAD THIS AGREED POLITICALLY WITH COMMISSION AND WITH EC MEMBER GOVERNMENTS WHERE ISSUE HAD BEEN RAISED IN MOST CAPITALS AT ONE TIME OR ANOTHER AT HIGH LEVELS. IF THIS AGREEMENT RE-OPENED, NEW SITUATION WAS CREATED, PROBABLY NECESSITATING DISCUSSION OUTSIDE PREPCOM IN CAPITALS. SIMILARLY, THE FEBRUARY 1972 DECLARATION SPECIFICALLY CALLED FOR IMPROVEMENT OF INTERNATIONAL FRAMEWORK FOR WORLD TRADE. U.S. EXPRESSED PLEASURE THAT VIEW WE HAD PUT FORWARD 30 MONTHS AGO ON LINKAGE BETWEEN TRADE AND MONETARY MATERS NOW SEEMED GENERALLY ACCEPTED, AND SAID IT SHOULD THEREFORE NOT BE TOO HARD FIND AGREED LANGUAGE IN POINT. THE U.S. HOPED THAT THE EC WAS NOT REGARDING ITS "VUE D'ENSEMBLE" AS A MANDATE-- WE HAD THOUGHT OF ITS AS A STARTING POINT.

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PAGE 04 GENEVA 03702 01 OF 02 181443Z

5. JAPANESE REP (KITAHARA), ALSO CRITICAL OF EC, NOTED THAT PREPCOM HAD BEEN WAITING 10 DAYS FOR EC TO EXPRESS ITS VIEWS. HE HOPED THAT COMMITTEE COULD NOW GET ON WITH ITS WORK.

6. PREPCOM AGREED TO HAVE SECRETARIAT PREPARE NEW DRAFT IN CONSULTATION WITH PARTICIPANTS. IN REALITY, THIS MEANS THAT NEW SECRETARIAT DRAFT WILL BE SHOWN TO AND DISCUSSED BY A DRAFTING GROUP--WHICH IS NOT TO BE FORMALLY ESTABLISHED--OF 10 DCS AND

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PAGE 01 GENEVA 03702 02 OF 02 181449Z

46

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LIMITED OFFICIAL USE SECTION 2 OF 2 GENEVA 3702

10 LDCS, BEGINNING WEDNESDAY AFTERNOON.

7. LONG HELD MEETING OF BIG THREE, EC, JAPAN, AND U.S.
IMMEDIATELY AFTER FORMAL PREPCOM SESSION. HIJZEN STUCK TO
EC POSITION TAKEN EARLIER, BUT DID FINALLY ALSO NOTE THAT EC,
AS WELL AS U.S., MUST GET A MANDATE PRIOR TO INITIATION OF REAL
NEGOTIATIONS.

AT CONCLUSION, HIJZEN SEEMED (A) UNINTERESTED IN FURTHER
TRIPARTITE DISCUSSIONS; (B) UNCONCERNED ABOUT PROGRESS
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PAGE 02 GENEVA 03702 02 OF 02 181449Z

IN PREPCOM (HE IS RETURNING TO BRUSSELS AT NOON TODAY);

AND (C) UNWILLING TO JOIN WITH THE U.S. AND JAPAN IN CONFRONTATION WITH LDCS, EVEN THOUGH HIS SUBSTANTIVE POSITION REGARDING LDC DEMANDS IS SIMILAR TO OURS.

8. AS RESULT OF 113 COMMITTEE DELIBERATIONS JULY 16-17, IT NOW APPEARS EC COUNCIL OF MINISTERS WILL DISCUSS DRAFT PREPCOM DECLARATION, PARTICULARLY MONETARY-TRADE LINKAGE. DUTCH CONFIRM THEY WANT IT DISCUSSED BECAUSE THEY CANNOT LIVE WITH FRENCH IDEAS ON PRECONDITION LINK.

9. WHILE THE EXACT SCENARIO OF THE REMAINDER OF PREPCOM IS UNCLEAR, MOST DELEGATES NOW EXPECT IT TO RUN OVER ONE DAY, ENDING JULY 26. STARTING THIS AFTERNOON, THERE SHOULD BE FAIRLY INTENSIVE DISCUSSION OF THE DRAFT DECLARATION BY THE 20 COUNTRY GROUP. (THE FULL PREPCOM WILL ALSO REVIEW THE SECOND DRAFT OF THE REPORT THURSDAY, PROBABLY SIMULTANEOUSLY WITH CONTINUED DISCUSSION OF DECLARATION BY THE SMALLER GROUP.) GIVEN (A) THE NEED TO RESOLVE THE DC-LDC DISPUTES, AND (B) THE TIMING OF THE EC COUNCIL REVIEW OF THE DECLARATION, IT SEEMS MOST UNLIKELY THAT THE MEETING CAN END ON WEDNESDAY, JULY 25; BUT PERSONAL CONSIDERATIONS OF A NUMBER OF EUROPEAN DELEGATES, IF NOTHING MORE, WILL PROBABLY RESULT IN THE WORK BEING WOUND UP ON JULY 26.

10. COMMENT: THE EC POSITION ON SOME OF THE POINTS IN THE DECLARATION IS REMINISCENT OF THE ONE IT TOOK AT THE 28TH SESSION, WHEN, FOR EXAMPLE, IT ARGUED THAT NECESSARY AUTHORIZATIONS MUST BE OBTAINED BEFORE THE NEGOTIATIONS COULD COMMENCE. WE UNDERSTAND FROM CONVERSATIONS WITH MEMBER STATE REPS THAT EC POSITION IS ONE WHICH FRANCE SUCCESSFULLY INSISTED ON AGAINST THE DESIRES OF THE OTHER EIGHT MEMBER STATES. EC SEEMS TO BE SEEKING TO FRAME THE DECLARATION, AND TO STRUCTURE THE TOKYO MEETING AND THE SUBSEQUENT INAUGURATION OF WORK BY THE TNCS, TO GIVE ITSELF MULTIPLE OPPORTUNITIES TO REVIEW AND DEVELOP ITS OWN POSITION AND PUT TACTICAL PRESSURE ON U.S. PERHAPS ON OTHER MATTERS.

11. A DECLARATION THAT WOULD TAKE ACCOUNT OF THE CURRENT EC ATTITUDE AND YET BE ACCEPTABLE TO US WOULD PROBABLY BE LACKING IN SPECIFICS REGARDING THE CONDUCT OF THE NEGOTIATIONS. ON THE OTHER HAND, THE LIMITED OFFICIAL USE

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PAGE 03 GENEVA 03702 02 OF 02 181449Z

CONTINUING LDC DEMAND FOR SPECIAL ATTENTION TO THEIR VIEWS IN THE DECLARATION HAS NOT BEGUN TO BE DEALT WITH. THE REMAINDER OF PREPCOM WILL NECESSARILY BE DEVOTED TO TRYING TO FIND SOME MIDDLE GROUND BETWEEN THE EC, THE U.S. AND THE LDCS.

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